



FR-4915-01-P

DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[Docket No. FD 35679]

Union Railroad Company—Corporate Family Merger Exemption—McKeesport

Connecting Railroad Company

Union Railroad Company (URR) and McKeesport Connecting Railroad Company (MCK) (collectively, applicants) have jointly filed a verified notice of exemption under 49 CFR 1180.2(d)(3) for a corporate family transaction pursuant to which MCK would be merged into URR.

URR and MCK are both Delaware corporations and Class III rail carriers. United States Steel Corporation (USS), a noncarrier, owns all of the issued and outstanding stock of Transtar, Inc. (Transtar), a noncarrier holding company, which owns all of the issued and outstanding stock of six Class III rail carriers (collectively, the Transtar railroads), including URR and MCK.

URR is a switching and terminal railroad that operates approximately 27.8 route miles, extending from an interchange with the Bessemer & Lake Erie Railroad at North Bessemer, Pa., south to an interchange with Wheeling & Lake Erie Railway at Mifflin Junction, Pa., with branches to Clairton, South Duquesne and Munhall, Pa. URR connects at the intermediate point of Bessemer, Pa., with CSX Transportation, Inc. (CSXT) and at Kenny and Clarion, Pa., with Norfolk Southern Railway. MCK is a switching and terminal railroad that operates at McKeesport, Pa. It connects with CSXT and serves USS' McKeesport Tubular Operations.

Applicants state that, pursuant to the provisions of a Plan of Merger executed by the parties, MCK will be merged into URR upon the effective date of the merger, with URR as the surviving corporation. According to applicants, the corporate existence of the surviving corporation will continue unimpaired and unaffected by the merger.

Unless stayed, the exemption will be effective on November 18, 2012.

Applicants state that the merger of MCK into URR is expected to become effective as of January 1, 2013, and that the transaction will be consummated as of that date.

According to applicants, the purpose of the corporate transaction is to simplify the corporate structure of the Transtar railroads by reducing the number of subsidiary railroads controlled by Transtar to five which will reduce the administrative, accounting, reporting, and related burdens associated with the maintenance of the two separate corporate entities.

This is a transaction within a corporate family of the type specifically exempted from prior review and approval under 49 CFR 1180.2(d)(3). Applicants state that the transaction will not result in adverse changes in service levels, significant operational changes, or any changes in the competitive balance with carriers outside the corporate family. Applicants further state that the service presently provided by the involved carriers will be continued by URR and all current connections of the involved carriers will be continued.

Under 49 U.S.C. 10502(g), the Board may not use its exemption authority to relieve a rail carrier of its statutory obligation to protect the interests of its employees. Section 11326(c), however, does not provide for labor protection for transactions under

sections 11324 and 11325 that involve only Class III rail carriers. Accordingly, the Board may not impose labor protective conditions here, because all of the carriers involved are Class III rail carriers.

If the notice contains false or misleading information, the exemption is void ab initio. Petitions to revoke the exemption under 49 U.S.C. 10502(d) may be filed at any time. The filing of a petition to revoke will not automatically stay the effectiveness of the exemption. Petitions for stay must be filed no later than November 9, 2012 (at least seven days before the exemption becomes effective).

An original and 10 copies of all pleadings, referring to Docket No. FD 35679, must be filed with the Surface Transportation Board, 395 E Street, S.W., Washington, DC 20423-0001. In addition, one copy of each pleading must be served on John A. Vuono, Vuono & Gray, LLC, 310 Grant Street, Suite 2310, Pittsburgh, PA 15219.

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Decided: October 29, 2012.

By the Board, Rachel D. Campbell, Director, Office of Proceedings.

Jeffrey Herzig

Clearance Clerk